

DEFINITION OF A HEALTH MAINTENANCE ORGANIZATION

A Health Maintenance Organization (HMO) is limited to an entity organized and licensed as a domestic HMO under applicable provisions of the South Carolina Insurance Code by the State Department of Insurance (SCDOI), currently in good standing with the SCDOI and paid on a prepaid basis to provide health care services to Medicaid recipients under contract with the State Agency and which:

- (1) Is organized for the purpose of providing health care services;
- (2) Ensure that the services meet the standards set by the State Agency for amount, duration, scope, quality, appropriateness, and timeliness. Ensure that Medicaid members access to services are at least equal to Medicaid fee-for-service recipients access to services;
- (3) Manage the care of Medicaid recipients and assign patients to primary care physicians responsible for providing primary care services and authorizing specialty care;
- (4) Maintain at all times, provisions for insolvency protection, satisfactory to the State Agency and SCDOI and ensures that neither enrolled Medicaid recipients or the State Agency will be liable for the debts of the entity as required by the federal and state Medicaid regulations and SCDOI;
- (5) Maintain at all times, provisions for adequate liability insurance coverage or an adequate plan of self-insurance satisfactory to the State Agency and SCDOI, to respond to claims for injuries arising out of the furnishing of health care services to Medicaid recipients as required by the State Agency and SCDOI;
- (6) Maintain at all times, all applicable statutory financial requirements and insurance coverage as required by the State Agency and SCDOI. In the event an HMO's financial and insurance coverage falls below any statutory requirements as required by the SCDOI, the State Agency may prohibit the entity from engaging in enrollment activities, may cease to process new Medicaid enrollments for the HMO and shall have the right to terminate or not renew the HMO's contract until the statutory requirements are met. Under these circumstances, the HMO must submit a written guarantee acceptable to both the State Agency and SCDOI which is irrevocable during the term of the HMO Medicaid contract with the State Agency and, upon termination of the contract, until the State Agency and SCDOI receives proof of satisfaction of all outstanding obligations incurred under the contract;
- (7) Provide for periodic quality assurance review of its medical facilities and services required under the HMO Medicaid contract as required by the State Agency;
- (8) Provide for access to all program and financial records and service delivery sites for quality assurance reviews and inspection by the State Agency or its designee;

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- (9) Provide all organizational, operational, financial, and other required data and reports as required and satisfactory to the State Agency; and
- (10) Does not know, or reasonably should not know that any officer, director, agent, managing employee, or owner of stock has a beneficial interest in excess of 5 percent common or preferred stock, and/or the entity itself, has been found guilty of, regardless of adjudication, or entered a plea of nolo contendere or guilty, to:
 - (a) Fraud;
 - (b) Violation of federal or state antitrust statutes, including those prescribing price fixing between competitors and the allocation of customers among competitors;
 - (c) Commission of a felony involving embezzlement, theft, forgery, income tax evasion, bribery, falsification or destruction of records, making false claims, or obstruction of justice; or
 - (d) Any crime in any jurisdiction which directly relates to the provision of health services on a prepaid basis.

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